

**NETAPP, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In millions)  
(Unaudited)

	<u>April 26,</u> <u>2024</u>	<u>April 28,</u> <u>2023</u>
<b>ASSETS</b>		
Current assets:		
Cash, cash equivalents and investments	\$ 3,252	\$ 3,070
Accounts receivable	1,007	987
Inventories	186	167
Other current assets	452	456
Total current assets	4,897	4,680
Property and equipment, net	604	650
Goodwill and purchased intangible assets, net	2,883	2,940
Other non-current assets	1,503	1,548
Total assets	\$ 9,887	\$ 9,818
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 517	\$ 392
Accrued expenses	1,013	857
Current portion of long-term debt	400	—
Short-term deferred revenue and financed unearned services revenue	2,176	2,218
Total current liabilities	4,106	3,467
Long-term debt	1,992	2,389
Other long-term liabilities	585	708
Long-term deferred revenue and financed unearned services revenue	2,058	2,095
Total liabilities	8,741	8,659
Stockholders' equity	1,146	1,159
Total liabilities and stockholders' equity	\$ 9,887	\$ 9,818

**NETAPP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In millions, except per share amounts)  
(Unaudited)

	<b>Three Months Ended</b>		<b>Year Ended</b>	
	<u>April 26, 2024</u>	<u>April 28, 2023</u>	<u>April 26, 2024</u>	<u>April 28, 2023</u>
<b>Revenues:</b>				
Product	\$ 806	\$ 744	\$ 2,849	\$ 3,049
Services	862	837	3,419	3,313
Net revenues	<u>1,668</u>	<u>1,581</u>	<u>6,268</u>	<u>6,362</u>
<b>Cost of revenues:</b>				
Cost of product	314	335	1,137	1,517
Cost of services	178	171	698	636
Total cost of revenues	<u>492</u>	<u>506</u>	<u>1,835</u>	<u>2,153</u>
Gross profit	<u>1,176</u>	<u>1,075</u>	<u>4,433</u>	<u>4,209</u>
<b>Operating expenses:</b>				
Sales and marketing	460	442	1,828	1,829
Research and development	271	243	1,029	956
General and administrative	78	67	308	265
Restructuring charges	—	11	44	120
Acquisition-related expense	1	3	10	21
Total operating expenses	<u>810</u>	<u>766</u>	<u>3,219</u>	<u>3,191</u>
Income from operations	366	309	1,214	1,018
Other income (expense), net	14	5	49	48
Income before income taxes	380	314	1,263	1,066
Provision (benefit) for income taxes	89	69	277	(208)
Net income	<u>\$ 291</u>	<u>\$ 245</u>	<u>\$ 986</u>	<u>\$ 1,274</u>
<b>Net income per share:</b>				
Basic	<u>\$ 1.41</u>	<u>\$ 1.15</u>	<u>\$ 4.74</u>	<u>\$ 5.87</u>
Diluted	<u>\$ 1.37</u>	<u>\$ 1.13</u>	<u>\$ 4.63</u>	<u>\$ 5.79</u>
<b>Shares used in net income per share calculations:</b>				
Basic	<u>206</u>	<u>213</u>	<u>208</u>	<u>217</u>
Diluted	<u>212</u>	<u>217</u>	<u>213</u>	<u>220</u>

**NETAPP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions)  
(Unaudited)

	Three Months Ended		Year Ended	
	April 26, 2024	April 28, 2023	April 26, 2024	April 28, 2023
<b>Cash flows from operating activities:</b>				
Net income	\$ 291	\$ 245	\$ 986	\$ 1,274
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	64	66	255	248
Non-cash operating lease cost	11	12	45	52
Stock-based compensation	88	74	357	312
Deferred income taxes	55	(29)	53	(606)
Other items, net	(17)	2	(13)	(67)
Changes in assets and liabilities, net of acquisitions of businesses:				
Accounts receivable	(228)	(165)	(33)	260
Inventories	(55)	8	(18)	37
Accounts payable	120	(34)	123	(207)
Accrued expenses	129	14	113	(103)
Deferred revenue and financed unearned services revenue	146	93	(14)	46
Long-term taxes payable	1	6	(106)	(76)
Changes in other operating assets and liabilities, net	8	(57)	(63)	(63)
Net cash provided by operating activities	<u>613</u>	<u>235</u>	<u>1,685</u>	<u>1,107</u>
<b>Cash flows from investing activities:</b>				
Purchases of investments, net	(251)	(245)	(580)	(719)
Purchases of property and equipment	(46)	(39)	(155)	(239)
Acquisitions of businesses, net of cash acquired	—	—	—	(491)
Other investing activities, net	—	(1)	—	59
Net cash used in investing activities	<u>(297)</u>	<u>(285)</u>	<u>(735)</u>	<u>(1,390)</u>
<b>Cash flows from financing activities:</b>				
Proceeds from issuance of common stock under employee stock award plans	—	—	100	108
Payments for taxes related to net share settlement of stock awards	(19)	(10)	(127)	(84)
Repurchase of common stock	(100)	(150)	(900)	(850)
Repayments and extinguishment of debt	—	—	—	(250)
Dividends paid	(104)	(106)	(416)	(432)
Other financing activities, net	(1)	(3)	(1)	(5)
Net cash used in financing activities	<u>(224)</u>	<u>(269)</u>	<u>(1,344)</u>	<u>(1,513)</u>
<b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>				
	(9)	(5)	(19)	(1)
<b>Net change in cash, cash equivalents and restricted cash</b>	<b>83</b>	<b>(324)</b>	<b>(413)</b>	<b>(1,797)</b>
<b>Cash, cash equivalents and restricted cash:</b>				
Beginning of period	1,826	2,646	2,322	4,119
End of period	<u>\$ 1,909</u>	<u>\$ 2,322</u>	<u>\$ 1,909</u>	<u>\$ 2,322</u>

**NETAPP, INC.**  
**SUPPLEMENTAL DATA**  
(In millions except net income per share, percentages, DSO, DPO and Inventory Turns)  
(Unaudited)

**Revenues by Segment**

	<u>Q4'FY24</u>	<u>Q3'FY24</u>	<u>Q4'FY23</u>	<u>FY2024</u>	<u>FY2023</u>
Product	\$ 806	\$ 747	\$ 744	\$ 2,849	\$ 3,049
Support	623	631	598	2,488	2,419
Professional and Other Services	87	77	88	320	319
<b>Hybrid Cloud Segment Net Revenues</b>	<b>1,516</b>	<b>1,455</b>	<b>1,430</b>	<b>5,657</b>	<b>5,787</b>
<b>Public Cloud Segment Net Revenues</b>	<b>152</b>	<b>151</b>	<b>151</b>	<b>611</b>	<b>575</b>
<b>Net Revenues</b>	<b>\$ 1,668</b>	<b>\$ 1,606</b>	<b>\$ 1,581</b>	<b>\$ 6,268</b>	<b>\$ 6,362</b>

**Gross Profit by Segment**

	<u>Q4'FY24</u>	<u>Q3'FY24</u>	<u>Q4'FY23</u>	<u>FY2024</u>	<u>FY2023</u>
Product	\$ 494	\$ 467	\$ 410	\$ 1,718	\$ 1,538
Support	574	582	549	2,293	2,238
Professional and Other Services	20	19	33	77	108
<b>Hybrid Cloud Segment Gross Profit</b>	<b>1,088</b>	<b>1,068</b>	<b>992</b>	<b>4,088</b>	<b>3,884</b>
<b>Public Cloud Segment Gross Profit</b>	<b>104</b>	<b>99</b>	<b>99</b>	<b>408</b>	<b>391</b>
<b>Total Segments Gross Profit</b>	<b>1,192</b>	<b>1,167</b>	<b>1,091</b>	<b>4,496</b>	<b>4,275</b>
Amortization of Intangible Assets	(8)	(9)	(10)	(34)	(42)
Stock-based Compensation	(8)	(7)	(6)	(29)	(24)
<b>Unallocated Cost of Revenues</b>	<b>(16)</b>	<b>(16)</b>	<b>(16)</b>	<b>(63)</b>	<b>(66)</b>
<b>Gross Profit</b>	<b>\$ 1,176</b>	<b>\$ 1,151</b>	<b>\$ 1,075</b>	<b>\$ 4,433</b>	<b>\$ 4,209</b>

**Gross Margin by Segment**

	<u>Q4'FY24</u>	<u>Q3'FY24</u>	<u>Q4'FY23</u>	<u>FY2024</u>	<u>FY2023</u>
Product	61.3%	62.5%	55.1%	60.3%	50.4%
Support	92.1%	92.2%	91.8%	92.2%	92.5%
Professional and Other Services	23.0%	24.7%	37.5%	24.1%	33.9%
<b>Hybrid Cloud Segment Gross Margin</b>	<b>71.8%</b>	<b>73.4%</b>	<b>69.4%</b>	<b>72.3%</b>	<b>67.1%</b>
<b>Public Cloud Segment Gross Margin</b>	<b>68.4%</b>	<b>65.6%</b>	<b>65.6%</b>	<b>66.8%</b>	<b>68.0%</b>

**Product Revenues**

	<u>Q4'FY24</u>	<u>Q3'FY24</u>	<u>Q4'FY23</u>	<u>FY2024</u>	<u>FY2023</u>
Total	\$ 806	\$ 747	\$ 744	\$ 2,849	\$ 3,049
Software*	\$ 446	\$ 412	\$ 437	\$ 1,598	\$ 1,798
Hardware*	\$ 360	\$ 335	\$ 307	\$ 1,251	\$ 1,251

**Software and recurring support and public cloud revenue**

	<u>Q4'FY24</u>	<u>Q3'FY24</u>	<u>Q4'FY23</u>	<u>FY2024</u>	<u>FY2023</u>
Product - Software	\$ 446	\$ 412	\$ 437	\$ 1,598	\$ 1,798
Support	623	631	598	2,488	2,419
Public Cloud	152	151	151	611	575
<b>Software and recurring support and public cloud revenue*</b>	<b>\$ 1,221</b>	<b>\$ 1,194</b>	<b>\$ 1,186</b>	<b>\$ 4,697</b>	<b>\$ 4,792</b>

Software and recurring support and public cloud revenue as a percentage of net revenues	73%	74%	75%	75%	75%
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\* Our revenue recognition policy under GAAP defines a configured storage system, inclusive of the operating system software essential to its functionality, as a single performance obligation. We have provided a breakdown of our GAAP product revenues into the software and hardware components, which are considered non-GAAP measures, to display the significance of software included in total product revenues. Software and recurring support and public cloud revenue is a non-GAAP measure because it includes the software component of our product revenues, but not the hardware component.

## Geographic Mix\*\*

	<b>% of Q4 FY'24 Revenue</b>	<b>% of Q3 FY'24 Revenue</b>	<b>% of Q4 FY'23 Revenue</b>	<b>% of FY 2024 Revenue</b>	<b>% of FY 2023 Revenue</b>
Americas	51%	50%	49%	51%	51%
<i>Americas Commercial</i>	41%	41%	39%	40%	40%
<i>U.S. Public Sector</i>	10%	9%	10%	11%	11%
EMEA	34%	35%	36%	34%	34%
Asia Pacific	15%	15%	15%	15%	15%

\*\* Effective in Q1 FY'24, management began evaluating revenues by geographic region based on the location to which products and services are delivered, rather than based on the location from which the customer relationship is managed. Prior year percentages have been conformed to the current year presentation.

## Pathways Mix

	<b>% of Q4 FY'24 Revenue</b>	<b>% of Q3 FY'24 Revenue</b>	<b>% of Q4 FY'23 Revenue</b>	<b>% of FY 2024 Revenue</b>	<b>% of FY 2023 Revenue</b>
Direct	24%	26%	22%	24%	22%
Indirect	76%	74%	78%	76%	78%

## Non-GAAP Income from Operations, Income before Income Taxes & Effective Tax Rate

	<b>Q4'FY24</b>	<b>Q3'FY24</b>	<b>Q4'FY23</b>	<b>FY2024</b>	<b>FY2023</b>
Non-GAAP Income from Operations	\$ 469	\$ 485	\$ 414	\$ 1,682	\$ 1,539
% of Net Revenues	28.1%	30.2%	26.2%	26.8%	24.2%
Non-GAAP Income before Income Taxes	\$ 483	\$ 501	\$ 419	\$ 1,726	\$ 1,555
Non-GAAP Effective Tax Rate	20.9%	18.2%	20.3%	20.3%	20.9%

## Non-GAAP Net Income

	<b>Q4'FY24</b>	<b>Q3'FY24</b>	<b>Q4'FY23</b>	<b>FY2024</b>	<b>FY2023</b>
Non-GAAP Net Income	\$ 382	\$ 410	\$ 334	\$ 1,375	\$ 1,230
Non-GAAP Weighted Average Common Shares Outstanding, Diluted	212	211	217	213	220
Non-GAAP Net Income per Share, Diluted	\$ 1.80	\$ 1.94	\$ 1.54	\$ 6.46	\$ 5.59

## Select Balance Sheet Items

	<b>Q4'FY24</b>	<b>Q3'FY24</b>	<b>Q4'FY23</b>
Deferred Revenue and Financed Unearned Services Revenue	\$ 4,234	\$ 4,127	\$ 4,313
DSO (days)	55	45	57
DPO (days)	96	79	70
Inventory Turns	11	14	12

*Days sales outstanding (DSO) is defined as accounts receivable divided by net revenues, multiplied by the number of days in the quarter.*

*Days payables outstanding (DPO) is defined as accounts payable divided by cost of revenues, multiplied by the number of days in the quarter.*

*Inventory turns is defined as annualized cost of revenues divided by net inventories.*

## Select Cash Flow Statement Items

	<b>Q4'FY24</b>	<b>Q3'FY24</b>	<b>Q4'FY23</b>	<b>FY2024</b>	<b>FY2023</b>
Net Cash Provided by Operating Activities	\$ 613	\$ 484	\$ 235	\$ 1,685	\$ 1,107
Purchases of Property and Equipment	\$ 46	\$ 36	\$ 39	\$ 155	\$ 239
Free Cash Flow	\$ 567	\$ 448	\$ 196	\$ 1,530	\$ 868
Free Cash Flow as % of Net Revenues	34.0%	27.9%	12.4%	24.4%	13.6%

*Free cash flow is a non-GAAP measure and is defined as net cash provided by operating activities less purchases of property and equipment.*

*Some items may not add or recalculate due to rounding.*

**NETAPP, INC.**  
**RECONCILIATION OF NON-GAAP TO GAAP**  
**INCOME STATEMENT INFORMATION**  
(In millions, except net income per share amounts)

	<u>Q4'FY24</u>	<u>Q3'FY24</u>	<u>Q4'FY23</u>	<u>FY2024</u>	<u>FY2023</u>
<b>NET INCOME</b>	\$ 291	\$ 313	\$ 245	\$ 986	\$ 1,274
Adjustments:					
Amortization of intangible assets	14	14	17	57	68
Stock-based compensation	88	89	74	357	312
Restructuring charges	—	13	11	44	120
Acquisition-related expense	1	3	3	10	21
Gain on sale of equity investment	—	—	—	—	(32)
Litigation settlements	—	—	—	(5)	—
Income tax effects	(12)	(22)	11	(74)	(51)
Income tax (benefits) expenses from integration of acquired companies	—	—	(27)	—	(27)
Resolution of income tax matters	—	—	—	—	69
Income tax benefit from intra-entity intellectual property transfer	—	—	—	—	(524)
<b>NON-GAAP NET INCOME</b>	<u>\$ 382</u>	<u>\$ 410</u>	<u>\$ 334</u>	<u>\$ 1,375</u>	<u>\$ 1,230</u>
<b>COST OF REVENUES</b>	\$ 492	\$ 455	\$ 506	\$ 1,835	\$ 2,153
Adjustments:					
Amortization of intangible assets	(8)	(9)	(10)	(34)	(42)
Stock-based compensation	(8)	(7)	(6)	(29)	(24)
<b>NON-GAAP COST OF REVENUES</b>	<u>\$ 476</u>	<u>\$ 439</u>	<u>\$ 490</u>	<u>\$ 1,772</u>	<u>\$ 2,087</u>
<b>COST OF PRODUCT REVENUES</b>	\$ 314	\$ 282	\$ 335	\$ 1,137	\$ 1,517
Adjustments:					
Amortization of intangible assets	—	—	—	—	(1)
Stock-based compensation	(2)	(2)	(1)	(6)	(5)
<b>NON-GAAP COST OF PRODUCT REVENUES</b>	<u>\$ 312</u>	<u>\$ 280</u>	<u>\$ 334</u>	<u>\$ 1,131</u>	<u>\$ 1,511</u>
<b>COST OF SERVICES REVENUES</b>	\$ 178	\$ 173	\$ 171	\$ 698	\$ 636
Adjustments:					
Amortization of intangible assets	(8)	(9)	(10)	(34)	(41)
Stock-based compensation	(6)	(5)	(5)	(23)	(19)
<b>NON-GAAP COST OF SERVICES REVENUES</b>	<u>\$ 164</u>	<u>\$ 159</u>	<u>\$ 156</u>	<u>\$ 641</u>	<u>\$ 576</u>
<b>GROSS PROFIT</b>	\$ 1,176	\$ 1,151	\$ 1,075	\$ 4,433	\$ 4,209
Adjustments:					
Amortization of intangible assets	8	9	10	34	42
Stock-based compensation	8	7	6	29	24
<b>NON-GAAP GROSS PROFIT</b>	<u>\$ 1,192</u>	<u>\$ 1,167</u>	<u>\$ 1,091</u>	<u>\$ 4,496</u>	<u>\$ 4,275</u>

**NETAPP, INC.**  
**RECONCILIATION OF NON-GAAP TO GAAP**  
**INCOME STATEMENT INFORMATION**  
(In millions, except net income per share amounts)

	<u>Q4'FY24</u>	<u>Q3'FY24</u>	<u>Q4'FY23</u>	<u>FY2024</u>	<u>FY2023</u>
<b>SALES AND MARKETING EXPENSES</b>	\$ 460	\$ 439	\$ 442	\$ 1,828	\$ 1,829
Adjustments:					
Amortization of intangible assets	(6)	(5)	(7)	(23)	(26)
Stock-based compensation	(34)	(36)	(32)	(143)	(135)
<b>NON-GAAP SALES AND MARKETING EXPENSES</b>	<u>\$ 420</u>	<u>\$ 398</u>	<u>\$ 403</u>	<u>\$ 1,662</u>	<u>\$ 1,668</u>
<b>RESEARCH AND DEVELOPMENT EXPENSES</b>	\$ 271	\$ 249	\$ 243	\$ 1,029	\$ 956
Adjustments:					
Stock-based compensation	(33)	(32)	(29)	(132)	(111)
<b>NON-GAAP RESEARCH AND DEVELOPMENT EXPENSES</b>	<u>\$ 238</u>	<u>\$ 217</u>	<u>\$ 214</u>	<u>\$ 897</u>	<u>\$ 845</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	\$ 78	\$ 81	\$ 67	\$ 308	\$ 265
Adjustments:					
Stock-based compensation	(13)	(14)	(7)	(53)	(42)
<b>NON-GAAP GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>\$ 65</u>	<u>\$ 67</u>	<u>\$ 60</u>	<u>\$ 255</u>	<u>\$ 223</u>
<b>RESTRUCTURING CHARGES</b>	\$ —	\$ 13	\$ 11	\$ 44	\$ 120
Adjustments:					
Restructuring charges	—	(13)	(11)	(44)	(120)
<b>NON-GAAP RESTRUCTURING CHARGES</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>ACQUISITION-RELATED EXPENSE</b>	\$ 1	\$ 3	\$ 3	\$ 10	\$ 21
Adjustments:					
Acquisition-related expense	(1)	(3)	(3)	(10)	(21)
<b>NON-GAAP ACQUISITION-RELATED EXPENSE</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>OPERATING EXPENSES</b>	\$ 810	\$ 785	\$ 766	\$ 3,219	\$ 3,191
Adjustments:					
Amortization of intangible assets	(6)	(5)	(7)	(23)	(26)
Stock-based compensation	(80)	(82)	(68)	(328)	(288)
Restructuring charges	—	(13)	(11)	(44)	(120)
Acquisition-related expense	(1)	(3)	(3)	(10)	(21)
<b>NON-GAAP OPERATING EXPENSES</b>	<u>\$ 723</u>	<u>\$ 682</u>	<u>\$ 677</u>	<u>\$ 2,814</u>	<u>\$ 2,736</u>

**NETAPP, INC.**  
**RECONCILIATION OF NON-GAAP TO GAAP**  
**INCOME STATEMENT INFORMATION**  
(In millions, except net income per share amounts)

	<u>Q4'FY24</u>	<u>Q3'FY24</u>	<u>Q4'FY23</u>	<u>FY2024</u>	<u>FY2023</u>
<b>INCOME FROM OPERATIONS</b>	\$ 366	\$ 366	\$ 309	\$ 1,214	\$ 1,018
Adjustments:					
Amortization of intangible assets	14	14	17	57	68
Stock-based compensation	88	89	74	357	312
Restructuring charges	—	13	11	44	120
Acquisition-related expense	1	3	3	10	21
<b>NON-GAAP INCOME FROM OPERATIONS</b>	<u>\$ 469</u>	<u>\$ 485</u>	<u>\$ 414</u>	<u>\$ 1,682</u>	<u>\$ 1,539</u>
<b>OTHER INCOME, NET</b>	\$ 14	\$ 16	\$ 5	\$ 49	\$ 48
Adjustments:					
Gain on sale of equity investment	—	—	—	—	(32)
Litigation settlements	—	—	—	(5)	—
<b>NON-GAAP OTHER INCOME, NET</b>	<u>\$ 14</u>	<u>\$ 16</u>	<u>\$ 5</u>	<u>\$ 44</u>	<u>\$ 16</u>
<b>INCOME BEFORE INCOME TAXES</b>	\$ 380	\$ 382	\$ 314	\$ 1,263	\$ 1,066
Adjustments:					
Amortization of intangible assets	14	14	17	57	68
Stock-based compensation	88	89	74	357	312
Restructuring charges	—	13	11	44	120
Acquisition-related expense	1	3	3	10	21
Litigation settlements	—	—	—	(5)	—
Gain on sale of equity investment	—	—	—	—	(32)
<b>NON-GAAP INCOME BEFORE INCOME TAXES</b>	<u>\$ 483</u>	<u>\$ 501</u>	<u>\$ 419</u>	<u>\$ 1,726</u>	<u>\$ 1,555</u>
<b>PROVISION FOR INCOME TAXES</b>	\$ 89	\$ 69	\$ 69	\$ 277	\$ (208)
Adjustments:					
Income tax effects	12	22	(11)	74	51
Income tax benefits (expenses) from integration of acquired companies	—	—	27	—	27
Resolution of income tax matters	—	—	—	—	(69)
Income tax benefit from intra-entity intellectual property transfer	—	—	—	—	524
<b>NON-GAAP PROVISION FOR INCOME TAXES</b>	<u>\$ 101</u>	<u>\$ 91</u>	<u>\$ 85</u>	<u>\$ 351</u>	<u>\$ 325</u>
<b>NET INCOME PER SHARE</b>	\$ 1.37	\$ 1.48	\$ 1.13	\$ 4.63	\$ 5.79
Adjustments:					
Amortization of intangible assets	0.07	0.07	0.08	0.27	0.31
Stock-based compensation	0.42	0.42	0.34	1.68	1.42
Restructuring charges	—	0.06	0.05	0.21	0.55
Acquisition-related expense	—	0.01	0.01	0.05	0.10
Gain on sale of equity investment	—	—	—	—	(0.15)
Litigation settlements	—	—	—	(0.02)	—
Income tax effects	(0.06)	(0.10)	0.05	(0.35)	(0.23)
Income tax (benefits) expenses from integration of acquired companies	—	—	(0.12)	—	(0.12)
Resolution of income tax matters	—	—	—	—	0.31
Income tax benefit from intra-entity intellectual property transfer	—	—	—	—	(2.38)
<b>NON-GAAP NET INCOME PER SHARE</b>	<u>\$ 1.80</u>	<u>\$ 1.94</u>	<u>\$ 1.54</u>	<u>\$ 6.46</u>	<u>\$ 5.59</u>



**RECONCILIATION OF NON-GAAP TO GAAP  
GROSS MARGIN  
(\$ in millions)**

	<u>Q4'FY24</u>	<u>Q3'FY24</u>	<u>Q4'FY23</u>	<u>FY2024</u>	<u>FY2023</u>
<b>Gross margin-GAAP</b>	70.5%	71.7%	68.0%	70.7%	66.2%
Cost of revenues adjustments	1.0%	1.0%	1.0%	1.0%	1.0%
<b>Gross margin-Non-GAAP</b>	71.5%	72.7%	69.0%	71.7%	67.2%
GAAP cost of revenues	\$ 492	\$ 455	\$ 506	\$ 1,835	\$ 2,153
Cost of revenues adjustments:					
Amortization of intangible assets	(8)	(9)	(10)	(34)	(42)
Stock-based compensation	(8)	(7)	(6)	(29)	(24)
Non-GAAP cost of revenues	<u>\$ 476</u>	<u>\$ 439</u>	<u>\$ 490</u>	<u>\$ 1,772</u>	<u>\$ 2,087</u>
Net revenues	\$ 1,668	\$ 1,606	\$ 1,581	\$ 6,268	\$ 6,362

**RECONCILIATION OF NON-GAAP TO GAAP  
PRODUCT GROSS MARGIN  
(\$ in millions)**

	<u>Q4'FY24</u>	<u>Q3'FY24</u>	<u>Q4'FY23</u>	<u>FY2024</u>	<u>FY2023</u>
<b>Product gross margin-GAAP</b>	61.0%	62.2%	55.0%	60.1%	50.2%
Cost of product revenues adjustments	0.3%	0.3%	0.1%	0.3%	0.2%
<b>Product gross margin-Non-GAAP</b>	61.3%	62.5%	55.1%	60.3%	50.4%
GAAP cost of product revenues	\$ 314	\$ 282	\$ 335	\$ 1,137	\$ 1,517
Cost of product revenues adjustments:					
Amortization of intangible assets	—	—	—	—	(1)
Stock-based compensation	(2)	(2)	(1)	(6)	(5)
Non-GAAP cost of product revenues	<u>\$ 312</u>	<u>\$ 280</u>	<u>\$ 334</u>	<u>\$ 1,131</u>	<u>\$ 1,511</u>
Product revenues	\$ 806	\$ 747	\$ 744	\$ 2,849	\$ 3,049

**RECONCILIATION OF NON-GAAP TO GAAP  
SERVICES GROSS MARGIN  
(\$ in millions)**

	<u>Q4'FY24</u>	<u>Q3'FY24</u>	<u>Q4'FY23</u>	<u>FY2024</u>	<u>FY2023</u>
<b>Services gross margin-GAAP</b>	79.4%	79.9%	79.6%	79.6%	80.8%
Cost of services revenues adjustments	1.6%	1.6%	1.8%	1.7%	1.8%
<b>Services gross margin-Non-GAAP</b>	81.0%	81.5%	81.4%	81.3%	82.6%
GAAP cost of services revenues	\$ 178	\$ 173	\$ 171	\$ 698	\$ 636
Cost of services revenues adjustments:					
Amortization of intangible assets	(8)	(9)	(10)	(34)	(41)
Stock-based compensation	(6)	(5)	(5)	(23)	(19)
Non-GAAP cost of services revenues	<u>\$ 164</u>	<u>\$ 159</u>	<u>\$ 156</u>	<u>\$ 641</u>	<u>\$ 576</u>
Services revenues	\$ 862	\$ 859	\$ 837	\$ 3,419	\$ 3,313

**RECONCILIATION OF NON-GAAP TO GAAP  
OPERATING MARGIN  
(\$ in millions)**

	<u>Q4'FY24</u>	<u>Q3'FY24</u>	<u>Q4'FY23</u>	<u>FY2024</u>	<u>FY2023</u>
<b>Operating margin-GAAP</b>	21.9%	22.8%	19.5%	19.4%	16.0%
Adjustments:	6.2%	7.4%	6.6%	7.5%	8.2%
<b>Operating margin-Non-GAAP</b>	28.1%	30.2%	26.2%	26.8%	24.2%
GAAP income from operations	\$ 366	\$ 366	\$ 309	\$ 1,214	\$ 1,018
Income from operations adjustments:					
Amortization of intangible assets	14	14	17	57	68
Stock-based compensation	88	89	74	357	312
Restructuring charges	—	13	11	44	120
Acquisition-related expense	1	3	3	10	21
Non-GAAP income from operations	\$ 469	\$ 485	\$ 414	\$ 1,682	\$ 1,539
Net revenues	\$ 1,668	\$ 1,606	\$ 1,581	\$ 6,268	\$ 6,362

**RECONCILIATION OF NON-GAAP TO GAAP  
EFFECTIVE TAX RATE**

	<u>Q4'FY24</u>	<u>Q3'FY24</u>	<u>Q4'FY23</u>	<u>FY2024</u>	<u>FY2023</u>
<b>GAAP effective tax rate</b>	23.4%	18.1%	22.0%	21.9%	(19.5)%
Adjustments:					
Income tax effects	(2.5)%	0.1%	(10.3)%	(1.6)%	(4.8)%
Income tax benefits from integration of acquired companies	—%	—%	8.6%	—%	2.5%
Resolution of income tax matters	—%	—%	—%	—%	(6.5)%
Income tax benefit from intra-entity intellectual property transfer	—%	—%	—%	—%	49.2%
<b>Non-GAAP effective tax rate</b>	20.9%	18.2%	20.3%	20.3%	20.9%

**RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES  
TO FREE CASH FLOW (NON-GAAP)  
(In millions)**

	<u>Q4'FY24</u>	<u>Q3'FY24</u>	<u>Q4'FY23</u>	<u>FY2024</u>	<u>FY2023</u>
Net cash provided by operating activities	\$ 613	\$ 484	\$ 235	\$ 1,685	\$ 1,107
Purchases of property and equipment	(46)	(36)	(39)	(155)	(239)
<b>Free cash flow</b>	\$ 567	\$ 448	\$ 196	\$ 1,530	\$ 868

**RECONCILIATION OF NET REVENUES  
TO BILLINGS (NON-GAAP)  
(In millions)**

	<u>Q4'FY24</u>	<u>Q3'FY24</u>	<u>Q4'FY23</u>	<u>FY2024</u>	<u>FY2023</u>
Net revenues	\$ 1,668	\$ 1,606	\$ 1,581	\$ 6,268	\$ 6,362
Change in deferred revenue and financed unearned services revenue*	146	81	93	(14)	46
<b>Billings</b>	\$ 1,814	\$ 1,687	\$ 1,674	\$ 6,254	\$ 6,408

\* As reported on our Condensed Consolidated Statements of Cash Flows

**NETAPP, INC.**  
**RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP**  
**EXPRESSED AS EARNINGS PER SHARE**  
**FIRST QUARTER FISCAL 2025**

	<b>First Quarter Fiscal 2025</b>
Non-GAAP Guidance - Net Income Per Share	\$1.40-\$1.50
Adjustments of Specific Items to Net Income Per Share for the First Quarter Fiscal 2025:	
Amortization of intangible assets	(\$0.07)
Stock-based compensation expense	(\$0.42)
Income tax effects	\$0.07
Total Adjustments	(\$0.42)
GAAP Guidance - Net Income Per Share	\$0.98-\$1.08

*Some items may not add or recalculate due to rounding.*

**NETAPP, INC.**  
**RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP**  
**Fiscal 2025**

	<b>Fiscal 2025</b>
Gross Margin - Non-GAAP Guidance	71% - 72%
Adjustment:	
Cost of revenues adjustments	(1)%
Gross Margin - GAAP Guidance	70% - 71%
Operating Margin - Non-GAAP Guidance	27% - 28%
Adjustments:	
Amortization of intangible assets	(1)%
Stock-based compensation expense	(6)%
Operating Margin - GAAP Guidance	20% - 21%

*Some items may not add or recalculate due to rounding.*

**NETAPP, INC.**  
**RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP**  
**EXPRESSED AS EARNINGS PER SHARE**  
**Fiscal 2025**

	<b>Fiscal 2025</b>
Non-GAAP Guidance - Net Income Per Share	\$6.80-\$7.00
Adjustments of Specific Items to Net Income	
Per Share for Fiscal 2025:	
Amortization of intangible assets	(\$0.26)
Stock-based compensation expense	(\$1.87)
Income tax effects	\$0.29
Total Adjustments	(\$1.84)
GAAP Guidance - Net Income Per Share	\$4.96-\$5.16

*Some items may not add or recalculate due to rounding.*

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